

GENERAL INSTRUCTIONS

This section of the instructions is a guide and is not intended to restrict the examiner's flexibility to reflect examination findings. Instructions and other interpretative comments regarding the preparation of specific report pages follow the General Instructions.

REFERENCES

Use the following reference material in preparing the Report of Examination:

- The instructions contained herein and on the report pages
- Federal Deposit Insurance Act, FDIC Rules and Regulations, and related statutes and regulations (Prentice-Hall Volumes)
- FDIC and other applicable Statements of Policy
- Instructions for the Preparation of Reports of Condition and Income (Call Reports)
- The Users Guide for the Uniform Bank Performance Report (UBPR)
- DOS Manual of Examination Policies (Manual)
- Automated Report of Examination User's Guide
- Applicable State Statutes and Regulations
- Electronic Data Processing Examination Handbook
- Outstanding memoranda

Unless otherwise specified, complete report pages according to Call Report Instructions.

Reminder: Changes to definitions, laws and regulations, Call Report treatment, and regulatory policy within the aforementioned references impact the Report. Be aware of the effects of such changes. When significant report changes have occurred since the previous examination, use footnotes (on the applicable report pages) to explain the difference(s) between the current Report and the previous Report. Insignificant or minor changes need not be footnoted.

REPORT COMMENTS

Report comments should clearly support the corresponding component rating. Bring forward major areas of criticisms or concerns from supporting core pages to the Examination Conclusions and Comments page. Do not feel compelled to address all factors within each page heading. Do not feel compelled to use all available space on a page for narrative comments. Address only pertinent factors. Descriptive subheadings are suggested to promote readability.

Peer Group Information - The Report contains no peer group information. However, written comments may incorporate peer-group information for support. The Summary Financial Information and Peer Group Ratios workpaper is available to aid in financial analysis.

Apparent Criminal Violations - Do not refer to criminal referrals or to apparent criminal violations in the Report's open section.

FLOW OF THE REPORT AND REFERENCES

The Report flows from the Examination Conclusions and Comments (ECC) page to core page analysis to supplemental schedules. The ECC page comments are summaries of important issues that are analyzed in detail in the core pages. The Report includes supplemental schedules to support core page analysis (and by extension, ECC page comments). Thus, examiner "references" from the general to the specific (that is, ECC page to core pages and from core pages to supplemental pages) are logical and appropriate, while references in the opposite direction are generally not.

Reminder: Include supplemental pages only when necessary to support the core page or ECC page comments.

GENERAL INSTRUCTIONS (continued)

FLOW OF THE REPORT AND REFERENCES (continued)

Cross-references - Cross-reference all applicable pages when subjects interrelate with more than one report page. *Example:* When a concentration of credit is a violation and is adversely classified, cross-reference the Concentrations, Violations of Laws and Regulations, and Items Subject to Adverse Classification pages.

"CONSOLIDATED" vs. "INSTITUTION ONLY"

Complete "Institution Only" schedules only when such schedules are meaningful. "Institution Only" schedules may be meaningful when the following conditions exist:

- (a) Significant subsidiaries make the consolidated statements significantly different from "Institution Only" statements.
- (b) Investment in certain subsidiaries represents a large percentage of capital.
- (c) Near-failure situations exist.
- (d) A significant percentage of the subsidiaries' assets are adversely classified.

Since no formal "Institution Only" pages exist, develop such schedules on continuation pages. This flexibility allows examiners to portray "Institution Only" data in a format which reflects desired information. In many cases, a simple detail of the institution's investment in each subsidiary may be appropriate.

REPORT DATES

The Report uses four different dates:

- (1) Examination As Of Date - This date is the financial date (that is, the date in the left column on the Comparative Statements of Financial Condition page) used throughout the Report, generally the most recent quarter-end. For example, if the examination commenced on August 3 and June 30 financial data is used, the "examination as of date" will be June 30.
- (2) Examination Start Date - This date indicates when the examination commenced (that is, the date when the examination team entered the institution to formally begin the examination). It is used to monitor report completion times and compliance with regulatory requirements concerning the length of time between examinations. Do not use the date that a skeleton crew arrived to perform pre-examination functions.
- (3) Date Examination Completed - This date indicates when the examiner formally completed the examination and submitted the Report for Field or Regional Office review, whichever occurred first. It is used to monitor report completion and processing times.
- (4) Asset Review Date - This is the date of the loan review (that is, the date of loan trial balances used in the asset review). Generally, review of the other real estate portfolio would also be as of the asset review date. This date may be noted on the Asset Quality page. But always note it on the Confidential-Supervisory Section page.

GENERAL INSTRUCTIONS (continued)

REPORT DATES (continued)

Selection of the Examination As Of Date and the Asset Review Date - In selecting these dates, consider the length of time between the two dates as well as any material changes which may have occurred between the two dates. When determining the "examination as of date," consider the meaningfulness of presentation, as well as work productivity. Use the date selected as the "examination as of date" consistently throughout the Report.

Note: When significant changes in the composition of the balance sheet occur between the financial date and the asset review date, make appropriate reconciliations (either by amending schedules within the Report or within narrative comments of the Report). There may be circumstances when a more recent month-end date would better serve as the financial date (rather than the most recent quarter-end).

PAGE ORDER AND NUMBERING

Order - The order of report pages submitted to the Regional Office should mirror the order depicted on the Inventory of Report Pages, except for the international pages. The Inventory of Report Pages follow the General Instructions. The appropriate page order for International pages is explained on the Inventory of Report Pages.

Numbering - Core pages are suffixed with numbers. Supplemental pages are suffixed with letters and numbers. Confidential pages are suffixed with numbers. The core pages are divided into major sections (Matters Requiring Board Attention/Examination Conclusions and Comments/Compliance with Enforcement Actions, Comparative Statements of Financial Condition, Assets, Capital, Earnings, Interest Rate Risk, Liquidity, and Management/Violations of Laws and Regulations). Number all pages within a major section sequentially. Divide supplemental pages into smaller topical sections (for example, items subject to Adverse Classification, Items Listed for Special Mention, Assets With Credit Data or Collateral Documentation Exceptions). The following is a partial example of the numbering system:

CORE PAGES

Matters Requiring Board Attention (one page)	1.1
Examination Conclusions and Comments (two pages)	1.2 to 1.3
Compliance with Enforcement Actions (nine pages)	1.4 to 1.12
Comparative Statements of Financial Condition (one page)	2
Asset Quality (one page)	3.1
Summary of Items Subject to Adverse Classification (one page)	3.2
Capital Adequacy (two pages)	4.1 to 4.2
Capital Calculations (one page)	4.3
Earnings (two pages)	5.1 to 5.2
Analysis of Earnings (one page)	5.3

SUPPLEMENTAL PAGES

Loans and Lease Financing Receivables (one page)	3a
Items Subject to Adverse Classification (fifteen pages)	3b.1 to 3b.15
Analysis of Loans Subject to Adverse Classification (one page)	3c
Concentrations (one page)	3d
Comparative Statements of Income and Changes in Equity Capital (one page)	5a

CONFIDENTIAL PAGES

Confidential -- Supervisory Section (three pages)	A.1 to A.3
Confidential -- Working Hours (one page)	A.4
In-House Data Processing (two pages)	A.5 to A.6
Directors and Officers (two pages)	B.1 to B.2
Summary Analysis of Examination Report (two pages)	C.1 to C.2

GENERAL INSTRUCTIONS (continued)

PAGE ORDER AND NUMBERING (continued)

Generally, do not number the Officer's Questionnaire. However, numbering may be appropriate when the Officer's Questionnaire is lengthy. In such instances, the letters OQ should precede the number (for example, OQ.1, OQ.2, OQ.3).

Note: Do not use a numerical suffix when a major section or smaller topical section has only one page (for example, the Comparative Statements of Financial Condition page). Refer to the above example and the Bank of Anytown.

CONTINUATION PAGES

The automated Report contains continuation pages for virtually all report pages. To maintain consistency throughout the Report, the continuation pages should contain headings which are the same as the lead page. When comments necessitate a continuation page, and the automated continuation page is not used (that is, a blank continuation page is used), continuation page headings (titles), including subheadings, should be consistent, as well as accurate and descriptive. When using a blank continuation page, rather than an automated continuation page, keep titles, including subheadings, consistent, accurate, and descriptive. For example, to expound on interest rate swaps, use the Interest Rate Risk Exposure Assessment continuation page and the subheading "Interest Rate Swaps."

WORKPAPERS

Inclusion of workpapers (for example, Additional Detail for Risk-Weighted Asset Structure) in the Report is permissible when appropriate to support core page comments. An examiner may create or recreate pages to address special situations.

ROUNDING

Numbers/Dollar Amounts - In report schedules, round to the nearest thousand and omit 000. In narrative comments, "M" as an abbreviation for thousands is acceptable. Throughout a report, round consistently. (For example, avoid using \$2.5MM, \$2,500M, and \$2,500,000 interchangeably).

The following specific rules apply:

- Follow formal writing standards and do not abbreviate numbers in the Matters Requiring Board Attention, Examination Conclusions and Comments, and Compliance With Enforcement Actions pages. (For example, use \$17 million or \$17,000,000, not \$17MM).
- Round to the nearest thousand and omit 000 in both the heading and the extended adversely classified amount in the Items Subject to Adverse Classification and Items Listed for Special Mention pages. (Refer to the Bank of Anytown.) In narrative comments, the numbers and dollar amounts may be rounded and abbreviated; however, it is acceptable, and often essential, to use precise dollar or numerical amount to promote clarity and avoid confusion (for example, \$25M loan secured by a mortgage on an 1,800-square-foot office condominium valued at \$31,500 or \$17.50 per square foot).

Note: When rounding, minor adjustments may be necessary to balance related totals.

GENERAL INSTRUCTIONS (continued)

ROUNDING (continued)

Ratios - Round percentages to the nearest hundredth of a percent except as otherwise calculated by CARE or noted in specific report-page instructions.

In narrative comments, carry critical or precise percentages (such as Prompt Corrective Action capital ratios in problem institutions) to the nearest tenth or hundredth of a percent. Round noncritical or imprecise ratios to the nearest whole number. For example, the RSA/RSL ratio is an imprecise measurement and therefore should be rounded to the nearest whole number. Round other ratios, such as the Total Adversely Classified Items to Tier 1 Capital plus ALLL ratio, to the nearest whole number when precision is unnecessary.

Note: Avoid being overly precise.

FOOTNOTES

The majority of Report pages has a section titled "Footnotes." Use this section strictly for footnotes, not for comments.

REPORT FORMAT

Dollar signs - Use dollar signs in narrative comments, but not in tables.

Commas - Use commas in amounts of 1,000 or more (for example, 1,540).

Negative figures - Enclose all negative figures in parentheses or refer to them as negative numbers in written comments. *Reminder:* Do not write double negative numbers (for example, the borrower reports a negative NW of \$25M or the borrower reports a NW of (\$25M), not the borrower reports a negative NW of (\$25M)).

Abbreviations - Generally, do not use abbreviations in the Matters Requiring Board Attention, Examination Conclusions and Comments, and Compliance with Enforcement Actions pages. A list of standard abbreviations for use on the other report pages is provided on the back cover of the Report.

Writing Style and Grammar - The appendix includes standards regarding grammar, spelling, hyphenation, dates, and capitalization. Use these standards throughout the Report.

Initials - Note the initials of individuals primarily responsible for preparing each Report page at the bottom right-hand corner of each page unless otherwise noted.

Names - On the first reference of a person, generally use the complete first name, middle initial, and last name (for example, Senior Vice President John A. Doe). After the initial reference, an abbreviated name may be used (Senior Vice President Doe) if no confusion with other officers is possible. Use the form for names and titles consistently throughout the Report.

Report Appearance - Paper size: 8.5 x 11
Standard Font Size: Printer Dependent - 12CPI for non-laser printers and 10PT for laser printers
Justification: Left
All Margins: 0.5"

Certificate Number - Use only the first five digits of the institution's certificate number (for example, use 12345, not 12345-6).

GENERAL INSTRUCTIONS (continued)

FINANCIAL RATIOS

Generally, all component ratios are available from the UBPR. Calculate ratios according to the definitions contained in The Users Guide for the UBPR. Choose the quarterly UBPR most appropriate for the examination (for example, 3/31, 6/30, 9/30, 12/31). Display this information with the most current data in the left-hand column (for example, 12/31/93, 12/31/92, 12/31/91). A significant time period will often elapse between quarter-end and the date UBPR ratios are available. Ratios should correspond with the "examination as-of date." If UBPR ratios are not available, perform manual calculations with an appropriate footnote stating that calculations were manually performed.

CRIMINAL INVESTIGATIONS

In a federal criminal case, the defense counsel may inspect the Report upon order of the court. Reports and related material will almost certainly be made available to federal prosecutors, investigators, and the grand jury. For this reason, confine comments in reports and workpapers to clear-cut statements of fact. Do not include opinions about the probability of indictment, conviction, or related matters. Comment as specifically as possible and identify who reported the matter and how it occurred. (Do not use such language as "it is reported..."; use such language as "President Scott reported...").